

VZCZCXRO7368
PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #5350/01 3320128
ZNR UUUUU ZZH
P 280128Z NOV 07
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 9802
INFO RUEKJCS/SECDEF WASHDC PRIORITY
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY
RUEAWJA/USDOJ WASHDC PRIORITY
RULSDMK/USDOT WASHDC PRIORITY
RUCPDOG/USDOC WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RUEKJCS/JOINT STAFF WASHDC//J5//
RHHMUNA/HQ USPACOM HONOLULU HI
RHHMHBA/COMPACFLT PEARL HARBOR HI
RHMFIUU/HQ PACAF HICKAM AFB HI//CC/PA//
RHMFIUU/USFJ //J5/JO21//
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA
RUAYJAA/CTF 72
RUEHNH/AMCONSUL NAHA 7001
RUEHFK/AMCONSUL FUKUOKA 4598
RUEHOK/AMCONSUL OSAKA KOBE 8263
RUEHNAG/AMCONSUL NAGOYA 3374
RUEHKSO/AMCONSUL SAPPORO 5260
RUEHBJ/AMEMBASSY BEIJING 0305
RUEHUL/AMEMBASSY SEOUL 6357
RUCNDT/USMISSION USUN NEW YORK 7121

UNCLAS SECTION 01 OF 11 TOKYO 005350

SIPDIS

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;
SECDEF FOR JCS-J-5/JAPAN,
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 11/28/07

Index:

- 1) Top headlines
- 2) Editorials

3) Government to strengthen Japan Coast Guard authority to crack down on WMD shipments by sea (Yomiuri)

Diet in turmoil:

- 4) Oft delayed Upper House debate on new antiterrorism bill to finally start today (Mainichi)
- 5) Ruling camp to kill Democratic Party of Japan's bill that would scrap the Iraq assistance law and bring back the ASDF from Kuwait (Yomiuri)
- 6) Prime Minister Fukuda sees no need for an early Diet dissolution, despite the turmoil (Nikkei)

7) Fukushima elected to a third term as head of the Social Democratic Party (Mainichi)

Defense scandals:

- 8) Former Vice Defense Minister Moriya expected to be arrested today on charges of accepting bribes from defense contractor (Nikkei)
- 9) Upper House to call former defense chief Nukaga to testify on Dec. 3 on alleged attendance at party of defense contractor, now under arrest (Sankei)
- 10) DPJ discloses telephone conversation with Moriya who insists Nukaga sat in front of him at dinner party hosted by shady defense

contractor (Tokyo Shimbun)

11) DPJ releases the details of questioning Moriya, who testified "Nukaga's presence" (Sankei)

North Korea problem:

12) Assistant Secretary Hill may travel to Pyongyang next month for prior coordination of North Korea's report of its nuclear programs (Asahi)

13) US, North Korea searching for the right formula that would allow removal of DPRK from terror-sponsoring list (Asahi)

14) Fukuda says the Japan-China relationship has entered its spring season (Yomiuri)

15) Talks on regulatory reform fail to reach common understanding (Sankei)

16) Eleven independent public corporations ready to be axed or merged (Asahi)

ARTICLES:

1) TOP HEADLINES

Asahi, Mainichi:

Brother-in-law confesses to killing woman, 2 girls in Kagawa

Yomiuri:

Moriya took 4 million yen in cash from Miyazaki; Moriya may be arrested today for taking bribes

Nikkei:

Government eyeing FY2009 start for net taxation of capital gains,

TOKYO 00005350 002 OF 011

dividends

Sankei:

Japan must return supply ship to Indian Ocean: Yukio Okamoto

Tokyo Shimbun:

Tokyo Public Prosecutors Office to launch criminal investigation into Moriya today; 2 million yen in his wife's bank account

Akahata:

Upper House Foreign Affairs and Defense Committee adopts bill to rescind Iraq Special Measures Law

2) EDITORIALS

Asahi:

(1) South Korean presidential race: Change to the course of the last 10 years?

(2) We welcome resumed Middle East peace conference

Mainichi:

(1) Prime Minister Fukuda must review road construction plan

(2) Prime minister's eagerness the key to success of decentralization

Yomiuri:

(1) Law on financial aid for terrorism victims a must

(2) Why did it take so long to find the man who killed woman and two girls in Kagawa?

Nikkei:

(1) Attract foreign tourists for revitalizing regional economies

Sankei:

(1) Watch carefully Chinese military vessel's first call at Japanese port

(2) Keeping nationwide mail delivery services essential

Tokyo Shimbun:

(1) Chinese military vessel's port call: Delay in defense exchanges must be overcome

(2) Warning signal flashing for economy

Akahata:

(1) Cooperation with survivors essential in recognizing those suffering from A-bomb diseases

3) JCG inspections to be stepped up against WMDs

YOMIURI (Page 2) (Abridged)

November 28, 2007

The government decided yesterday to create a new law intended to crack down on shipborne materials related to nuclear weapons and other weapons of mass destruction (WMD). Japan currently has no law to punish anyone shipping WMD-related materials, so there is a limit to its controls. The scope of the Japan Coast Guard's executable police authority will be expanded to control relevant shipping as crime. The new legislation is aimed at increasing the effectiveness of the Proliferation Security Initiative (PSI) promoted by the United States and other countries.

TOKYO 00005350 003 OF 011

The newly planned law is intended to control and crack down on WMD-related materials at sea. Under this law, the JCG will be allowed to inspect ships that are suspected of carrying WMD-related materials. In addition, the JCG will also be allowed to confiscate WMD-related materials upon discovery. The government will also consider incorporating penalties.

Those WMD-related materials subject to controls include nuclear weapons and other nuclear explosive devices, as well as biological and chemical weaponry.

New law to plug in current legal void

The government is going to create a new law for controlling WMD-related materials at sea. Japan has no law to control suspicious materials at sea under normal circumstances, so the government intends to plug this hole in Japan's legal systems.

The government has developed legal systems in order for the Maritime Self-Defense Force to control ships in Japan's territorial waters and international waters. These legal systems include a law to inspect ships in the event of regional contingencies and a law to control foreign military supplies at sea. Meanwhile, Japan has fallen behind in dealing with seafaring materials at ordinary times.

The JCG ordinarily exercises its police authority in order to prevent crimes and arrest criminals at sea. In addition, the JCG will also be tasked with cracking down on WMDs at sea.

4) New antiterror bill to be discussed from today in upper chamber

MAINICHI (Page 2) (Full)

November 28, 2007

The House of Councillors in its plenary sitting today will hear an explanation of the government's newly introduced special antiterror legislative measure and hold interpellations to start deliberations. The Democratic Party of Japan (Minshuto) and other opposition parties are calling for securing 40 hours or so just as in the House of Representatives in order to fully deliberate on the new antiterror bill. That would make it impossible for the bill to get through the Diet before the current session ends on Dec. 15. The ruling coalition will reextend the Diet session, aiming to pass the bill again through a concurring vote of two-thirds or more in the House of Representatives even after the bill is voted down in the opposition-controlled House of Councillors. The Diet will now continue a tense debate on the legislation until the end of the current session.

The bill cleared the House of Representatives on Nov. 13, when it was sent to the House of Councillors. The ruling coalition aimed to have the House of Councilors start its deliberations on the bill in

its plenary sitting on Nov. 14. However, the opposition parties insisted that the Diet should first investigate suspicions over the Defense Ministry's scandals involving former Administrative Vice Defense Minister Takemasa Moriya and Finance Minister Fukushiro Nukaga. The opposition bench called for fast-tracking a bill to repeal the Iraq Reconstruction Special Measures Law, so Diet deliberations on the new antiterror bill have substantially fallen behind schedule.

TOKYO 00005350 004 OF 011

5) Upper House approves bill to withdraw SDF from Iraq; Ruling camp set to reject it

YOMIURI (Page 4) (Full)
November 28, 2007

A bill to terminate the special measures law on assistance reconstruction to support Iraq was approved in a meeting yesterday of the committee on foreign affairs and defense of the opposition-controlled House of Councillors. The Democratic Party of Japan (DPJ) submitted the bill that would withdraw the Air Self-Defense Force (ASDF) from Iraq. The DPJ intends to urge the ruling camp to approve the bill in the House of Representatives, against the backdrop of changes in the international environment. In Australia, the Labor Party, which has advocated the partial pullout of its troops in Iraq, won a great victory in the recent House of Representatives election. The government and the ruling coalition is set to vote down and scrap the bill in the Lower House in order to continue the ongoing airlift activities by the ASDF in Iraq, as Chief Cabinet Secretary Machimura said: "Efforts to stabilize and reconstruct Iraq are only half done."

In the meeting yesterday, DPJ member Hiroe Makiyama said: "In the United States presidential election campaign, the Democratic Party, which has called for withdrawing troops from Iraq, is taking the lead. In the election in Australia, the candidate of the Labor Union, which set forth the pullout of its troops from Iraq, also won a sweeping victory. Recent public opinion is shown in these results."

Defense Minister Ishiba refuted: "The United Nations has made a request, and our nation's C-130 transport aircraft can meet the request in terms of security and stability."

A senior Foreign Ministry official stressed that Japan should continue ASDF assistance activities in Iraq now that it pulled Maritime Self-Defense Force (MSDF) troops out of the Indian Ocean. The official said: "Now is the most important time since peace and public order in Iraq are being restored. If Japan suspends its contributions in Iraq, following the MSDF's refueling mission in the Indian Ocean, Japan might find itself isolated in the international community."

6) Prime Minister Fukuda: I don't think early cabinet reshuffle is necessary

NIKKEI (Page 2) (Full)
November 28, 2007

When asked by the press corps about the possibility of an early cabinet reshuffle, Prime Minister Yasuo Fukuda yesterday said: "If I say I will shuffle the cabinet, it will create an uproar. I don't feel that a cabinet shuffle is necessary." Although some in the ruling camp believe that the cabinet will be shuffled before the end of the year after the current Diet session, which will run until Oct. 15, Fukuda revealed his intention not to shuffle his cabinet.

There is a view in the ruling coalition that as the Fukuda government has such scandals involving Finance Minister Fukushiro Nukaga and the Defense Ministry, the prime minister should shuffle his cabinet, not extend the ongoing Diet session. If Fukuda's remarks are taken at face value, he might have indicated that he

TOKYO 00005350 005 OF 011

would re-extend the current session until January in order to prioritize enacting the new refueling bill.

Fukuda stressed: "I am doing my best to hold discussions with the opposition camp by using various ways" to enact the bill to resume the Maritime Self-Defense Force's refueling activities in the Indian Ocean. Since there are no prospects for the bill to clear the Diet, he intends to step up his approach to the opposition bloc.

As to how to manage Diet affairs, he noted: "I think it would be a good idea to form sub-committees as need arises, for example." He indicated that the setting up of sub-committees to flexibly carry out debate would become a theme up for consideration.

7) SDP head Fukushima secures third term without a vote

MAINICHI (Page 5) (Excerpts)
November 28, 2007

Social Democratic Party leader Mizuho Fukushima secured her third term as head of the party without going through a vote as she was the only candidate in the presidential campaign that started on Nov. 26. The deadline for the ballot was 3:00 p.m. yesterday. Fukushima indicated in a press conference yesterday she would do her best to rebuild the party's strength. She stated: "We are now in a severe situation. We need to expand the party's strength and rebuild cooperation with citizens."

In the House of Representatives election in 2005 when she became the party head, the SDP garnered seven seats, increasing its strength by two seats, but the party obtained only two seats, down one seat from the seats up for re-election, in the proportional representation segment of this summer's House of Councillors election. Party members have decreased and they are aging. The number of SDP candidates for Lower House elections has been on the decline -- 76 candidates for the 2000 race, 65 in 2003, and 45 in 2005.

8) Former Vice Defense Minister Moriya to be arrested today for suspected bribery

NIKKEI (Page 1) (Excerpts)
November 28, 2007

The special investigation squad of the Tokyo district Public Prosecutors Office seems to have decided to arrest former Administrative Vice Defense Minister Takemasa Moriya, 63, today on suspicion of taking such bribes as golf outings worth more than 4.5 million yen over five years from Motonobu Miyazaki, 63, a former executive of defense equipment trading house Yamada Corp., who is now under arrest for suspected embezzlement, in exchange for such favorable business treatment as procurement of defense equipment. The unusual collusive ties between the former influential vice minister and the arrested defense equipment firm executive, who played golf together more than 300 times, are expected to develop into a major corruption scandal.

The special investigative task force believes that Moriya gave special favors to Yamada Corp. and trading house Nihon Mirise founded by Miyazaki in procuring General Electric Co.-made engines for the Air Self-Defense Force's next generation CX transport jet. The prosecutors will likely aim at investigating the illicit dealings in connection with vested interests over the Defense

TOKYO 00005350 006 OF 011

Ministry.

It has been revealed that Miyazaki played golf with Moriya more than 300 times in eight years from April 1998 through June 2006 and the total amount of green fees Miyazaki covered for Moriya and accompanying players exceeded 15 million yen.

9) Nukaga to give Diet testimony on Dec. 3; LDP plans to boycott it, dismissing allegations

SANKEI (Page 2) (Excerpts)

November 28, 2007

The House of Councillors Financial Affairs Committee, chaired by Naoki Minezaki of the Democratic Party of Japan, approved a plan last night to summon Finance Minister Fukushima Nukaga and former Vice-Defense Minister Takemasa Moriya for Diet testimony on the afternoon of Dec. 3 regarding allegations that Nukaga was present at a dinner party along with Moriya and others. The plan was adopted in the absence of the Liberal Democratic Party and its coalition partner New Komeito. LDP Upper House Diet Affairs Committee Chairman Seiji Suzuki indicated that his party would absent itself from the planned Diet testimony, saying, "We do not endorse their Diet testimony."

Prior to the committee meeting, LDP Diet Affairs Committee Chairman Tadamori Oshima held a press conference, in which he announced the party's investigative results that it was impossible for Nukaga to have attended the dinner party in question, producing transcripts of a study session Nukaga had attended and photographs of him and his family members during a dinner that day. According to the LDP's investigation, Nukaga had a dinner with his family and friends at a hotel in Tokyo's Ginza from 6:00 p.m. December 4, 2006, the day the DPJ says Nukaga attended the dinner party in question, and then attended a defense affairs study session at the Japan-US Center for Peace and Cultural Exchange office for about an hour and a half from shortly after 8:00 p.m.

Oshima explained that the dinner party in question started at 6:30 p.m. at the Japanese restaurant Hamadaya in Tokyo attended by eight persons, including Moriya and former US Defense Department Japan desk director James Auer, and that Nukaga was not there according to Auer's account. Oshima said: "After the family dinner, Mr. Nukaga did not have the time to drop by at Hamadaya."

10) DPJ releases telephone interview with Moriya, who said: "There was no mistake that Mr. Nukaga was present"

TOKYO SHIMBUN (Page 2) (Full)
November 28, 2007

The following is a gist of telephone conversations between the Democratic Party of Japan and former Administrative Vice-Defense Minister Takemasa Moriya, released by the DPJ yesterday.

November 21

DPJ: Did you attend the dinner party held at a Japanese restaurant at Tokyo's Nihonbashi-Ningyocho on December 4, 2006?

Moriya: I certainly did. There are records taken by a Defense Ministry driver.

TOKYO 00005350 007 OF 011

DPJ: Was it held by the Association for Communication of Transcultural Study (ACT)?

Moriya: Yes. It was held in the honor of former US Defense Department Japan desk director James Auer, who delivered a speech.

DPJ: Who attended the dinner party?

Moriya: Finance Minister Fukushima Nukaga, the ACT chief director, Mr. Auer, former Yamada Corp. managing director Motonobu Miyazaki, and a number of private-sector individuals.

DPJ: Was Mr. Nukaga there throughout the dinner?

Moriya: He left the dinner halfway through, as he was told, "You are busy."

DPJ: Did Mr. Nukaga talk with Mr. Auer?

Moriya: They talked to each other over drinks.

DPJ: Why was Miyazaki there?

Moriya: I think he attended it because Mr. Auer was there. For business.... Otherwise, there was no reason for him to be there.

November 22

DPJ: Isn't there any objective fact to prove that (Nukaga) was present?

Moriya: Mr. Nukaga came late and the person sitting next to Mr. Auer offered his seat. There is no mistake, because I was sitting across from the table.

11) DPJ releases the details of questioning Moriya, who testified "Nukaga's presence"

SANKEI (Page 5) (Full)
November 28, 2007

The major opposition Democratic Party of Japan's (DPJ) Diet Affairs Committee Chairman Kenji Yamaoka and other leaders met the press yesterday and released the details of direct questioning by the party's investigative team of former Administrative Vice Defense Minister Takemasa Moriya. Yamaoka and other leaders stressed the need to summon Finance Minister Fukushima Nukaga as a witness to the Diet to make it clear whether Nukaga had joined a dinner party held at a restaurant in Tokyo on the night of Dec. 4, 2006, together with James Auer, (former director for Japan in the Department of Defense) and suspect Motonobu Miyazaki.

During the press briefing yesterday, DPJ President Ichiro Ozawa noted: "(Mr. Nukaga) is responsible for compiling a budget bill and submitting it to the next ordinary Diet session. If his words and actions are contradictory to the facts, it would not only lead to a crisis for one cabinet member but also create a crisis for the Fukuda cabinet."

The ruling Liberal Democratic Party (LDP) said that Nukaga would not have the time to attend the dinner party because he had dined with

TOKYO 00005350 008 OF 011

his family that night, but referring to this, Yamaoka rebutted: (The time of a digital photo taken of Nukaga and his family dining together is not reliable because the time could be inserted at anytime. It would be possible for (Nukaga) to leave in the middle of the meal with his family to attend the dinner party, given that the two places are as close as five to 10 minutes by car." Moreover, Yamaoka noted: "It is the legislators' responsibility and obligation to probe (whether Mr. Nukaga and Mr. Moriya) gave false statements or truth."

The DPJ had not made clear until recently who had testified, but in order to counter the LDP's indication of Nukaga's alibi, the DPJ revealed that the witness was Moriya, and that the party questioned him at least four times on Nov. 21, 22, and 27.

Moriya's testimony made to the DPJ was specific like Nukaga joined the dinner party belatedly and sat down next to Auer. A senior DPJ member said with confidence: "Our party obtained Mr. Moriya's approval about what our party revealed during today's press conference." Late yesterday, DPJ Deputy President Naoto Kan said at a gathering of the DPJ Lower House members: "This may topple the Fukuda cabinet."

12) Hill hints at a revisit to DPRK next month, perhaps for prior coordination on declaration of nuclear programs

ASAHI (Page 6) (Full)
November 28, 2007

Yoshihiro Makino, Kei Ukai, Nobuyoshi Sakajiri

US Assistant Secretary of State Christopher Hill, the US chief representative to the six-party talks to discuss North Korea's nuclear issue, is considering revisiting North Korea in early December, a source revealed. On Nov. 27, government officials from

Japan, the United States, South Korea, China, and Russia arrived in Pyongyang to inspect the ongoing process of disabling North Korea's nuclear facilities. Meanwhile, the chief negotiators in the six-party talks are expected to meet shortly in Beijing.

According to a US State Department official, Hill plans to visit Japan, South Korea, China from Nov. 27. China is sounding out the possibility of holding a meeting of the six-party chief negotiators on Dec. 6-8. If this plan is realized, Hill will join the meeting while visiting China. However, North Korea has not responded yet to this plan, the official said.

On Nov. 27, Hill strongly suggested the possibility of revisiting North Korea at an airport in a suburb of Washington, telling reporters: "There may be an announcement shortly indicating a visit to another place." If his revisit to North Korea is realized, Hill is likely to visit the nuclear facilities in Yongbyon. Speaking of America's undertaking of the nuclear issue, including whether to delist the North as a state sponsor of terrorism, Hill noted that "I'd like to have an opportunity to explain" that to North Korea.

According to an official involved, Hill is considering revisiting the North after South Korea. The planned meeting of the chief representatives is expected to focus on North Korea's declaration of all its nuclear programs as agreed on in the six-party talks. A source connected with the six-party talks commented: "(Hill) may plan to make prior coordination so that North Korea can respond to a

TOKYO 00005350 009 OF 011

full declaration of its nuclear programs."

Meanwhile, according to China's Xinhua News Agency, a group of government officials and nuclear experts from five countries of the six-party talks excluding North Korea arrived in that country on Nov. 27 in order to see how far the disablement process, which is going on in line with the six-party agreement, is advancing. On Nov. 28, the group will visit Yongbyon, where nuclear facilities are concentrated, and return to Beijing on Nov. 29.

Joining the group from Japan is Tomiko Ichikawa, director of the Foreign Ministry's Non-Proliferation, Science and Nuclear Energy Division. She will be the first Japanese government official to visit the nuclear facilities in Yongbyon. As part of economic sanctions against North Korea, Japan has suspended dispatching government officials to the North, but on Nov. 26, Foreign Minister Koumura released a statement, in which he said: "I decided to dispatch her to the North so that Japan will be actively engaged in the disablement process."

13) US, DPRK probing each other's intentions, with US requesting, "A declaration of nuclear programs should be made first," and DPRK arguing, "Delisting should come first"

ASAHI (Page 6) (Full)
November 28, 2007

Kei Ukai, Washington

When asked by the Asahi Shimbun on Nov. 26 about a declaration of all the nuclear programs as agreed on in the six-party talks, one North Korean official said, "We are watching whether the United States is meeting its commitments," revealing that the North is looking for the right timing for it to submit a declaration, while watching the US government's move to delist the North as a state sponsoring terrorism.

Horse-trading is continuing between Washington, which intends to remove the North from the list of state sponsors of terrorism after examining the contents of the North's declaration of all its nuclear programs, and Pyongyang. Tokyo has been opposed to delisting the North without any progress on the abduction issue.

The six-party agreement says North Korea should declare all its nuclear programs by the end of the year. US Assistant Secretary of State Christopher Hill indicated an outlook in a US House public hearing on Oct. 25 that the first list of (nuclear programs) would

come out within two weeks, but the first list has not been submitted yet. The US intends to check the first list against information given by other countries and then bring out a final declaration. If the submission of the list is delayed, a final declaration may not be made within the deadline. On Nov. 27, Hill told reporters: "The list will be submitted within a couple of days." He also indicated the possibility that the list would be shown to the group of government officials and nuclear experts from the five countries that arrived in North Korea on Nov. 27 in order to see progress on the disablement process. A high-level US State Department official noted: "The situation has not yet reached the point of delisting North Korea."

14) Prime minister: Spring has already arrived in Japan-China relations

TOKYO 00005350 010 OF 011

YOMIURI (Page 4) (Full)
November 28, 2007

Prime Minister Fukuda received a courtesy call by members of the Japan-China journalist exchange conference, composed of representatives of Japanese and Chinese news organizations, at his official residence yesterday.

In response to a remark by a Chinese journalist: "We hope spring will come soon in Japan-China relations," Fukuda said: "I think spring has already arrived in Japan-China relations." He added: "I hope that the spring will last as long as possible. Because when summer comes, something that upsets us might occur."

Prime Minister Fukuda was keeping in mind the anniversary of the end of the war on Aug. 15. In the Koizumi administration, the prime minister and cabinet ministers visited Yasukuni Shrine, making China nervous and eventually causing cracks to appear between the two countries. Former Prime Minister Abe did not reveal whether he would visit the shrine.

Unlike these predecessors, Prime Minister Fukuda has clearly said he would not visit Yasukuni Shrine. The prime minister, treated cordially by China, is scheduled to visit China at the end of the year or early next year.

15) No agreement reached in open debate on double-billing system

SANKEI (Page 2) (Excerpts)
November 28, 2007

The government's Regulatory Reform Conference, chaired by Nippon Yusen K.K. Chairman Takao Kusakari, carried out an open debate with the Ministry of Health, Labor and Welfare (MHLW) yesterday on a double-billing system - part of care covered by medical insurance and part not covered. Taking advantage of the Tokyo District Court's ruling on Nov. 7 that it is illegal for insurance not to cover any medical fees in such a case, the reform panel called for completely removing restrictions, but a ministry official countered: "To maintain the current safe medical-care structure, certain rules are necessary," standing firm on the ministry's view that the current double-billing system should be maintained.

At the outset of the debate, Chairman Kusakari implicitly criticized the MHLW for its stance of not approving in principle a hospital that provides both healthcare covered by insurance and private treatment even after the government's defeat in the recent lawsuit, saying: "We want the ministry to conduct discussion from the viewpoint of offering medical services for the sake of the people."

In the debate, a representative from the reform panel said: "If the ruling by the Tokyo District Court is confirmed, it will prove that providing both healthcare covered by insurance and elective treatment itself is not banned." But a MHLW official argued: "Since medical treatment at the patient's own expense will become common, the patient's burden will become improperly heavier." Another official claimed: "Specific medical treatment without any scientific grounds will be promoted." Regarding the ruling by the Tokyo

District Court, Health Insurance Bureau Director General Kunio Mizuta said: "The ruling is not to judge the propriety of the double-billing system (but to judge the plaintiff's individual

TOKYO 00005350 011 OF 011

treatment case)."

Further, a panel member urged the ministry to present data of negative effects expected to appear as a result of lifting the ban, but there was no clear-cut reply from the ministry.

16) Panel of experts proposes the scrapping or privatization on 11 independent administrative corporations, including housing assistance organization

ASAHI (Page 4) (Excerpt)
November 28, 2007

The government's council of learned persons for reducing and making more efficient government administration (chaired by Kikkoman Chairman Yusaburo Shigeki) selected 11 out of a total of 101 independent administrative corporations (dokuritsu gyousei houjin or doppou) for scrapping or privatizing, such as the Urban Revival Organization and the Housing Financial Assistance Organization. Chairman Shigeki then presented the panel's report to Prime Minister Fukuda. Upon receiving the proposals, the government will draw up a plan within the year to consolidate and rationalize the corporations, but the focus will be how effective will the leadership of the Prime Minister's office be, since until now there has been strong resistance from the ministry or agency having jurisdiction over the corporations.

SCHIEFFER